

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION**

**Call to Order:** By **CHAIRMAN BOB DAVIES**, on February 14, 2001 at 8:10 A.M., in Room 317-B Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Bob Davies, Chairman (R)  
Sen. Jack Wells, Vice Chairman (R)  
Rep. John Brueggeman (R)  
Rep. Monica Lindeen (D)  
Sen. Bea McCarthy (D)  
Sen. Corey Stapleton (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** David Brown, Legislative Branch  
Greg DeWitt, Legislative Branch  
Mary Beth Linder, OBPP  
Cyndie Lockett, Committee Secretary  
Amy Sassano, OBPP

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: Department of Revenue,  
2/14/2001  
Executive Action: Judiciary; Secretary of  
State's Office

*{Tape : 1; Side : A; Approx. Time Counter : 0 - 30}*

HEARING ON DEPARTMENT OF REVENUE

**Greg DeWitt, Legislative Fiscal Division** began by going over a few items. He stated that **Chuck Swysgood, Director Office Budget Program & Planning** needed to address the committee. He also said the appropriate place to fix the POINTS system would be in HB 15 and there the subcommittee could bring back language that authorize funding last time and this time and amended it. There is a clause in the contract for termination for unavailable funds so if the Department of Revenue did not have money to pay then it would be cancelled. But its not in HB 2 where you deal directly with POINTS.

**Mary Beth Linder, Office of Budget Program & Planning** shares with the subcommittee that the bonds for the POINTS project have been sold.

**Director Swysgood** addressed the subcommittee about a review his agency did on the Department of Revenue. He gave the subcommittee a handout **EXHIBIT(jgh37a01)** on the mitigation plan for he Department of Revenue. He then discussed this plan in further detail. He said the DOR budget when presented to the subcommittee will be \$1.3 million less. He also wanted to say that DOR will give the subcommittee another 10 percent reduction list and he wanted to go on record stating that with the mitigation he required of the Department of Revenue that any further reductions in their budget could lead to their inability to be able to perform the functions they are required to do. He said the subcommittee will see that list when the DOR director talks.

**Sen. Stapleton** asked what the next subcommittee will see when they look at the DOR budget. **Mr. Swysgood** said the subcommittee will have to take action on this to take the money out of DOR's current budget and this will be for the 2003 biennium budget.

**Chairman Davies** clarified that **Mr. Swysgood** said the Customer Service Center is no more a proprietary program and the net reduction on the Martz's budget will be \$2.7 Million.

**Sen. Stapleton** and **Rep. Lindeen** needed further explanation on the mitigation.

**Kurt Alme, Director of Department of Revenue**, explained that the budget office would like DOR to take \$2.7 million related to the

supplemental out of their budget. The first thing DOR did was identify areas where they could take credit for savings already reflected in their budget. This is where reductions already exist Martz Budget that would have gone towards that \$2.7 million if DOR would have stayed in the internal service fund environment. The budget office gave a partial rate increase and the Martz's Budget reflected that partial rate increase of about \$1.308 Million.

**Rep. Lindeen** asked in the Martz's Budget there was an increase in the proprietary rate in order to cover the shortfall. **Mr. Alme** replied yes that is correct, but it did not cover the entire \$2.7 million supplemental. The remaining amount set forth on item four on page two of EXHIBIT (1) is \$1.392 million. This was funding that had not been appropriated so the budget office has required DOR to mitigate that amount by recommending cuts from their current budget that total \$1.392 million. The budget office then recommended to the subcommittee that they proceed and cut those from the DOR budget during executive action.

**Sen. Stapleton** asked if this had a net affect of zero on the general fund? **Mr. Alme** replied yes.

#### EXECUTIVE ACTION ON DEPARTMENT OF REVENUE

**Sen. Stapleton** stated that he does not want to take executive action on DOR unless it can all be done at the same time. Since POINTS can not be decided on at this time then neither should the rest of their budget. **Chairman Davies** disagrees and said the subcommittee will take executive action and will leave the Department of Revenue open.

**Mr. Alme** explains his 10 percent request, which is all in a handout **EXHIBIT(jgh37a02)** that he gave to the subcommittee. He discusses page 3 of his handout.

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**Mr. Alme** explaining #7 and #8 on page 3 of EXHIBIT (2).

**Mr. DeWitt** asked if the number given on Item #8 of \$97,000 EXHIBIT (2) is different than the amount of \$241,000 in **Mr. Swysgood's** letter. **Mr. Alme** replied yes they are different because the figure on the DOR 10 percent is just a plug to get to 10 percent figure.

**Sen. Stapleton** asked about Item #1 and said the statutory authority has expired so if the subcommittee approved that,

basically it is not already approved because the law has already ran out. **Mr. Alme** said no he felt that the money sitting in DOR's budget, the big line item sitting in there is not earmarked right now. There is no statutory authority for getting that money out of the DOR budget to local government there will have to be affirmative action taken by this legislature to figure out how to get it out of DOR's budget. **Sen. Stapleton** asked if the subcommittee reduces DOR's budget by \$11 million and HB 124 addresses that or gets that out then is HB 124 going to provide the direction? **Mr. Alme** replied if the subcommittee reduces the DOR budget by that figure as he understands it that money will not be available to be distributed to local governments. **Sen. Stapleton** said his thought is that the money that goes to the local governments from the general fund should not come out of the DOR budget. **Sen. Stapleton** wanted to take this money and put it back in the general fund and then give it to the local governments from there not from the DOR. **Mrs. Linder** explained how this works and why it is in the DOR budget. The subcommittee discussed their options with this money.

**Chairman Davies** asked **Mr. Alme** about item #2 on EXHIBIT (2). **Mr. Alme** explained that DP 5 under the Compliance Valuation and Resolution program in the handout **EXHIBIT(jgh37a03)** that **Mr. DeWitt** gave the subcommittee.

The subcommittee then discussed how they would do executive action and where they will start. Before executive action took place **Rep. Lindeen** asked for further explanation on why DOR kept Customer Service Center (CSC) going when they knew that they were losing so much money on it. **Mr. Alme** said the CSC internal service fund environment and what happened with the internal service fund was not a cost overrun over the last two years. It was a failure to receive anticipated revenues. There are three reasons why anticipated revenues did not come in and then **Rep. Lindeen** interrupted and said she heard those reasons before. She wanted to know why they didn't do something right away when they knew it was failing. **Mr. Alme** said they could only do two things in the internal service fund environment the rates and cost. Rates are set by the legislature and the only way DOR could have changed them is if legislature had a special session. The only thing DOR could control was costs and the costs to the extent possible were controlled.

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**Mr. Alme** continued to explain that they have tried their best to control costs.

**Budget Item: Decision Packages for Customer Service Center**

**Motion:** SEN. McCARTHY moved to approve new proposal DP 21 which removes CSC from the proprietary realm and restores CSC to the general fund to in HB 2.

**Vote:** The question was called for and the motion carried unanimously.

**Motion:** REP. BRUEGGEMAN moved to approve new proposals DP 22 and DP 23 as global decisions impacting programs 01, 02, 05, and 08.

**Vote:** The question was called for and the motion carried unanimously.

**Chairman Davies** asked if there was a motion on new proposal DP 25. There was no response, so no action was taken.

**Motion:** SEN. STAPLETON recommended that the House Appropriations Committee approve the amendment for HB 3 - Supplemental Appropriations of \$2,700,000.

**Vote:** The question was called for and the motion carried unanimously.

**Motion:** SEN. McCARTHY moved to approve #4 of Director Swysgood's letter **EXHIBIT (1)** of which removes \$1,392,000 from DOR budget.

**Vote:** The question was called for and the motion carried unanimously.

**Chairman Davies** asked if there was a motion on new proposal DP 27. There was no response, so no action taken.

**Motion:** SEN. STAPLETON moved to approve a rate of 10 percent as the fee for bad debt collection in the Customer Service Center - fund 06554.

**Vote:** The question was called for and the motion carried unanimously.

**Budget Item: Decision Packages for Directors Office**

**Motion:** REP. BRUEGGEMAN moved the base level of funding plus statewide present law adjustments, the additional vacancy savings included in present law DP 699, and the rent reductions in present law DP 698 for the Directors Office.

**Vote:** The question was called for and the motion carried unanimously.

***{Tape : 2; Side : B; Approx. Time Counter : 30 - 60}***

**Budget Item: Decision Packages for Information Technology**

**Motion:** REP. LINDEEN moved the base level of funding plus statewide present law adjustments, the additional vacancy savings included in present law DP 699, and the rent reductions in present law DP 698 for Information Technology.

**Vote:** The question was called for and the motion carried unanimously with a Proxy for Sen. Wells (Sen. Stapleton was absent during the vote).

**Motion:** REP. BRUEGGEMAN moved to approve new proposal DP 1 as requested.

**Vote:** The question was called for and the motion carried unanimously with a Proxy for Sen. Wells.

**Budget Item: Decision Packages for Resource Management**

**Motion:** REP. LINDEEN moved the base level of funding plus statewide present law adjustments, the additional vacancy savings included in present law DP 699, and the rent reductions in present law DP 698 for Resource Management.

**Vote:** The question was called for and the motion carried unanimously with a Proxy for Sen. Wells.

**Motion:** SEN. STAPLETON moved to approve present law DP 1 as requested.

**Vote:** The question was called for and the motion carried unanimously.

**Motion:** SEN. MCCARTHY move to approve the HB 2 language: "Liquor division proprietary funds necessary to maintain adequate inventories, pay freight charges, and transfer profit and taxes to appropriate accounts are appropriated to the department in amounts not to exceed \$64,200,950 in fiscal year 2002 and \$67,857,880 in fiscal year 2003."

**Vote:** The question was called for and the motion carried unanimously (Sen. Stapleton was absent during the vote).

**Budget Item: Decision Packages for Compliance Valuation and Resolution**

**Motion:** REP. LINDEEN moved the base level of funding plus statewide present law adjustments, the additional vacancy savings included in present law DP 699, the rent reductions in present law DP 698, data network fixed cost reduction in present law DP 696, and insurance premium reduction in present law DP 697.

**Vote:** The question was called for and the motion carried unanimously (Sen. Stapleton was absent during the vote).

**Motion:** REP. BRUEGGEMAN moved to approve present law DP 1 as requested.

**Vote:** The question was called for and the motion carried unanimously.

**Motion:** REP. LINDEEN moved to approve present law DP 3 as requested.

**Vote:** The question was called for and the motion carried unanimously.

**Motion:** REP. BRUEGGEMAN moved to approve present law DP 5 as requested.

**Vote:** The question was called for and the motion carried 5-1 Wells voting no (Rep. Lindeen was absent during the vote).

**Motion:** SEN. MCCARTHY moved to approve present law DP 7 as requested.

The subcommittee discussed present law DP 7.

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Wrap-up of discussion on DP 7

**Vote:** The question was called for and the motion carried unanimously (Rep. Lindeen was absent during the vote).

**Motion:** SEN. MCCARTHY move adoption of the budget as amended and to close deliberations for the Department of Revenue.

**Vote:** The question was called for and the motion carried 4-1 with Stapleton voting no (Rep. Lindeen was absent during the vote).

**Rep. Lindeen** reentered the meeting.

**Motion:** **REP. BRUEGGEMAN** moved to reconsider the motion to adoption of the budget as amended and to close deliberations for the Department of Revenue.

**Vote:** The question was called for and the motion carried unanimously.

**Mr. Alme** said there were some responses to questions from **Rep. Lindeen** and he gave a handout **EXHIBIT(jgh37a04)** on them.

**Motion:** **REP. LINDEEN** moved to open and keep open the budget and deliberations for the Department of Revenue.

**Vote:** The question was called for and the motion carried unanimously.

**EXECUTIVE ACTION ON SECRETARY OF STATE**

**Mr. DeWitt** explained the new handout **EXHIBIT(jgh37a05)** on the Secretary of State Proposed Internal Service Fees and Charges.

Discussion on the new rates proposed by the Secretary of State.

**Motion:** **REP. BRUEGGEMAN** moved to approve the rates for the Secretary of the State's Office as update.

**Vote:** The question was called for and the motion carried unanimously.

**Mr. DeWitt** handed out **EXHIBIT(jgh37a06)** a 10 percent plan from the Department of Administration.



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**ADJOURNMENT**

Adjournment: 11:30 A.M.

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REP. BOB DAVIES, Chairman

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CYNDIE LOCKETT, Secretary

BD/CL

**EXHIBIT** (jgh37aad)